



THRIFT
SAVINGS
PLAN

TSP Overview

- ✓ Introduction
- ✓ TSP Benefits
- ✓ Contribution rules
- ✓ Portability
- ✓ Participant resources

TSP Overview

- ✓ Investment options
- ✓ Loan program
- ✓ In-service withdrawals
- ✓ Post-service withdrawals
- ✓ Death benefits

TSP Tax Benefits

- ♦ All participants receive a Federal tax deferral on contributions made to the TSP
- ♦ Contributions are deducted from pay before Federal taxes are withheld
- ♦ Federal taxes are computed and withheld from the reduced salary
- ♦ Participants defer taxes on the TSP account until a withdrawal of the account is made
- ♦ Tax deferral of TSP is determined by each State or County

Example:

Bi-weekly basic pay	\$1,239.00
TSP election	$\times \quad 10\%$
TSP deduction:	\$ 123.90

Basis for Federal tax withholding:

	\$1,239.00
	$- \quad 123.90$
Taxable income	\$1,115.10

Annual Income Earned: \$32,214.00

Annual TSP contributions: \$ 3,221.40

Taxable Income: \$28,992.60

Retirement Savings Contributions Credit

Adjusted Gross Income

Married filing joint	Head of household	All other filers	Credit (\$1,000 max per person)
\$0-\$30,000	\$0-\$22,500	\$0-\$15,000	50% of contributions
\$30,001- \$32,500	\$22,501- \$24,375	\$15,001- \$16,250	20% of contributions
\$32,501- \$50,000	\$24,376 \$37,500	\$16,251- \$25,000	10% of contributions
Over \$50,000	Over \$37,500	Over \$25,000	Credit not available

Retirement Savings Contribution Credit

- ♦ The tax credit reduces the amount of taxes owed
- ♦ The amount of the reduction is based on:
 - the amount of taxes owed
 - the income bracket the participant falls under, and
 - The participant contributing to a plan like the TSP, or a tax-deductible IRA
- ♦ Maximum reduction is the amount owed or the credit, but not more than \$1,000 per saver
- ♦ Information regarding the credit can be obtained from the IRS at <http://www.irs.gov>

Same married employee from previous page, sole wage earner in household

Annual Income Earned: \$32,214.00
(Not eligible for the tax credit based on taxable income earned)

If employee contributes 10% to the TSP:

Annual TSP contributions: \$ 3,221.40

Taxable Income: \$28,992.60
(Now eligible for the tax credit!)

Federal taxes owed between \$1 and \$1,000.00 will be reduced.

For example, if the participant owed \$500 in taxes, the \$500 tax liability would be eliminated; if the participant owed \$2,000 in taxes then he would owe \$1,000 after the credit is applied

TSP Contribution Rules

FERS

◆ Employee Contributions

- Eligible during first 60 days of hire/rehire
- 14% maximum beginning in December 2003 with 1% increases each year through 2005
- After 2005, any dollar amount or percentage up to IRS limits (\$13,000 for 2004)
- Always vested

When eligible for agency contributions:

◆ Agency Automatic (1%) Contributions

- Subject to vesting
- Not based on Employee Contributions

◆ Agency Matching Contributions

- Based on first 5% of Employee Contributions
- 4% maximum
 - \$1/\$1 for 1st 3%
 - 50¢/\$1 for next 2%
- Always vested

TSP Contribution Rules

CSRS

◆ Employee Contributions

- Eligible during first 60 days of rehire to contribute
- 9% maximum beginning in December 2003 with 1% increases each year through 2005
- After 2005, any dollar amount or percentage up to IRS elective deferral limit
- Always vested

◆ No Agency Contributions

Over 50 Catch-Up Contributions

- ◆ The catch-up contributions are tax-deferred but do not count towards the IRS elective deferral limit (\$13,000 for 2004)
- ◆ To become eligible for the catch-up a participant must:
 - Be age 50 or older, or will turn age 50 in the calendar year the contribution is deducted from pay
 - Not be in the 6 month termination period because of a TSP financial hardship in-service withdrawal

Over 50 Catch-Up Contributions

- ♦ The election is by dollar amount using Form TSP-1C or agency electronic submission
- ♦ Catch-up contributions are made through payroll deduction only and are not matched
- ♦ Elections to start, change, and stop contributions can be made at any time
- ♦ Open season dates do not apply to catch-up contribution elections

Over 50 Catch-Up Contributions

- ♦ Catch-up contributions will not continue into the next calendar year. A new election must be submitted for each calendar year when the participant is ready to begin catch-up contributions
- ♦ The participant will elect the whole dollar amount he/she wants deducted from pay. Once effective, payroll will deduct the dollar amount each pay period until:
 - The end of the calendar year; or
 - The annual limit for the catch-up is reached; or
 - A new Form TSP-1C is submitted to stop or change the contributions: or
 - The participant receives a financial hardship in-service withdrawal; all employee contributions are terminated for six months
- ♦ The election is effective the first full pay period after receipt by the agency

New TSP Basic Pay Contribution Limits

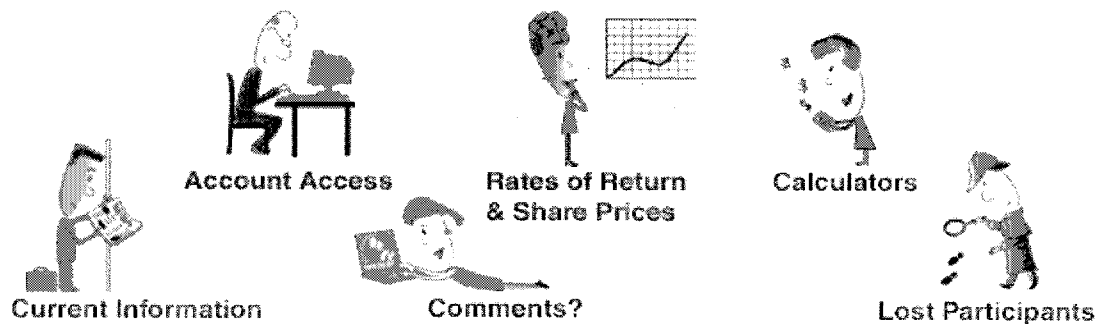
Month	Year	CSRS & Uniformed		IRS Limit	Over 50 catch-up
		FERS Limit	Services Limit	(Each Year)	(Each Year)
Dec	2003	14%	9%	\$12,000	\$2,000
Dec	2004	15%	10%	\$13,000	\$3,000
Dec	2005	limits lifted entirely		\$14,000	\$4,000
Jan	2006			\$15,000	\$5,000
Jan	2007			indexed to inflation	TBD

TSP Transfers and Rollovers

- ♦ Active or separated participants may transfer or rollover into the TSP money from:
 - Eligible employer plans under the I.R.C.
 - e.g. 401(k), 403(a), 403(b) or 457(b) governmental plans
 - Traditional individual retirement accounts or annuities (IRAs) under section 408(a) or 408(b) of the I.R.C.
 - does not include Roth, SIMPLE or education IRAs
- ♦ Participant submits Form TSP-60 available from the TSP Web site. Participant certifies the amount transferred or rolled over includes tax-deductible/deferred amounts
- ♦ The amount transferred or rolled over into the TSP account is allocated according to the current contribution allocation on file
- ♦ The amount will be reflected as employee contributions in the account after it has been valued by the TSP

www.tsp.gov

THRIFT SAVINGS PLAN *for Federal employees*



[Web Site Privacy Policy](#) [Site Map](#) [TSP Service Office](#) [FAQs](#) [How Do I...?](#)



Civilian

- [TSP Features](#)
- [Forms & Publications](#)
- [Info for Agency Reps](#)



Uniformed Services

- [TSP Features](#)
- [Forms & Publications](#)
- [Info for Service Reps](#)

Welcome to the Thrift Savings Plan (TSP) Web site. The TSP is a retirement savings plan both for civilians who are employed by the United States Government and for members of the uniformed services. For information relevant to both civilian employees and uniformed services members, click on one of the buttons located at the top of this page. To get specific information for civilians or uniformed services members, select a topic under the appropriate header.

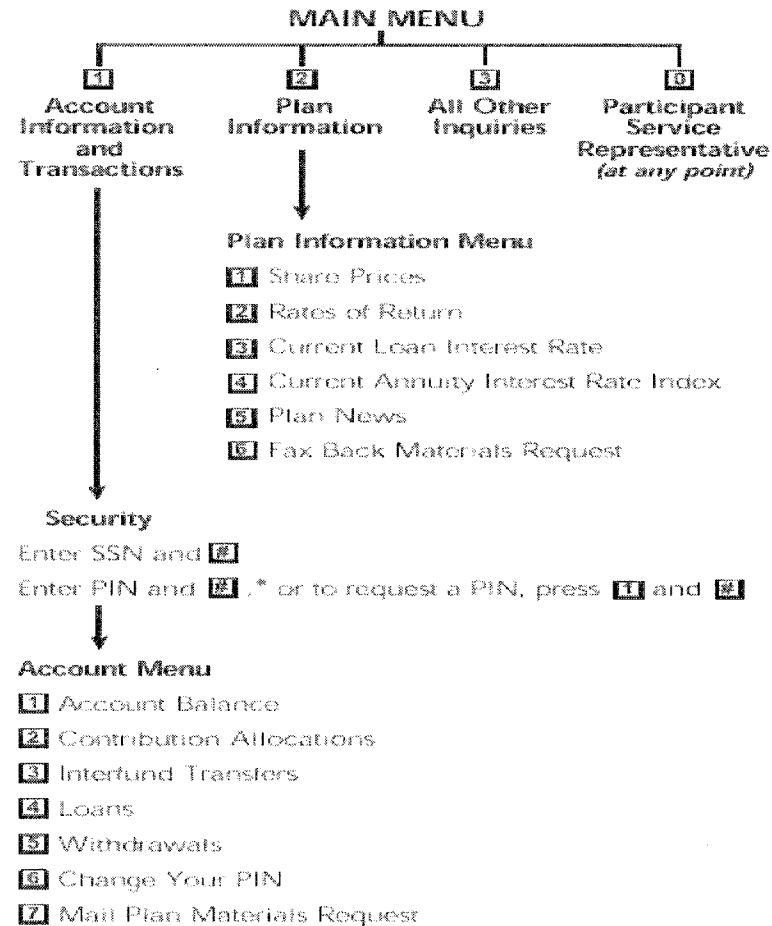
You can find general information about the TSP on this Web site. If you are participating in the TSP, you can also obtain information about your individual TSP account in the [Account Access](#) section. To do so, you will need your Social Security number and your 4-digit TSP Personal Identification Number (PIN). If you do not know your PIN, you can request a new one in that section.

The Federal Retirement Thrift Investment Board, which administers the TSP, maintains another Web site, <http://www.frtib.gov/>, which provides information about the FRTIB electronic reading room, procurements, and employment opportunities.

NOTE: This site was developed with the **Netscape Navigator browser** and is best viewed with **Netscape Navigator 4.06 or higher**. It uses JavaScript, tables, and frames which may not display correctly on older browsers. It also uses Secure Sockets Layer (SSL) and 128-bit encryption for accessing personal account information. Older browsers generally cannot support the security features needed to view personal account information and, in some cases, have been known to cause distortion of the information on the screen.



ThriftLine (504) 255-8777



* If you have both a civilian and a uniformed services account, you will be taken to the account that is specified by the PIN you entered. If you have customized your PIN to be the same for both accounts, you will be asked which account you wish to access.

TSP Elections

- ◆ Elections to contribute
 - Form TSP-1 used by employees to elect to contribute (electronic versions can also be used – Employee Express, PostalEase, Best, EBIS, etc.)
 - Election to contribute is submitted to agency only. TSP cannot process elections to deduct from pay
 - Participants may elect to contribute within first 60 days of hire/rehire
 - Participants may elect to start or change contribution amounts during TSP open seasons
 - April 15 – June 30, elections effective as early as June pay period
 - October 15 – December 31, elections effective as early as December pay period
 - Participants may elect to stop contributions at any time; however the participant must wait to become eligible to elect to contribute after terminating
 - Over 50 catch-up election is a separate TSP election and is not bound by open season rules

Contribution Allocations

- ◆ Contribution allocations allow participants to invest future contributions deposited into their TSP account each pay date
- ◆ The first contribution made for new participants will be invested in the G Fund until a contribution allocation is made
 - A new account and TSP PIN letter are mailed once the account is established
 - The new account letter will provide the form method of making investment decisions
 - The TSP PIN letter will assign the participant a PIN to make investment decisions via the web or phone line
- ◆ Once a TSP account is established, participants can allocate any portion (in 1% increments) of future contributions among the five TSP funds

Contribution Allocations

- ◆ For FERS participants, the contribution allocation will apply to their own contributions and to their Agency Automatic (1%) and Matching Contributions
- ◆ The most efficient ways to make a contribution allocation is through the ThriftLine, Web site or by telephoning the TSP record keeper
- ◆ Contribution allocation elections may be made with Form TSP-50, Investment Allocation, which must be mailed to the TSP record keeper for processing
- ◆ Contribution allocation requests received and processed by 11:00 am central time (CT) are effective as of close of business; requests processed after the cutoff time are effective at the end of the following business day

Interfund Transfers

- ◆ Interfund transfers allow participants to redistribute their account balance among the TSP funds
- ◆ The most efficient ways to make an interfund transfer is through the ThriftLine, Web site or by telephoning the TSP record keeper
- ◆ Interfund transfer requests may be made with Form TSP-50, Investment Allocation, which must be mailed to the TSP record keeper for processing
- ◆ Interfund transfer requests received and processed by 11:00 am central time (CT) are effective as of close of business; requests processed after the cutoff time are effective at the end of the following business day

Contribution Allocation or Interfund Transfer?

When you want to “change” your investments, make sure you make the correct investment election!

Contribution Allocation

- Allocates future contributions and loan payments until superseded by new allocation election
- ThriftLine, Web site or telephone request with TSP record keeper
- Column 1 of Form TSP-50
- Change in allocation is effective as of close of business each day based on 11 am CT cutoff

IFT

- One-time transaction; account balance remains as invested until participant makes another interfund transfer
- ThriftLine, Web site or telephone request with TSP record keeper
- Column 2 of Form TSP-50
- Change in account balance distribution is effective close of business each day based on 11 am CT cutoff

TSP Investment Funds

- ◆ Government Securities Investment Fund
(G Fund)
- ◆ Fixed Income Index Investment Fund
(F Fund)
- ◆ Common Stock Index Investment Fund
(C Fund)
- ◆ U.S. Small-capitalization Stock Index Investment Fund
(S Fund)
- ◆ International Stock Index Investment Fund
(I Fund)



THRIFT SAVINGS PLAN FACT SHEET

G, F, C, S, and I Fund Monthly Returns

January 5, 2004

Months	G Fund*	F Fund*	C Fund*	S Fund**	I Fund**
1998 (Jan. - Dec.)	5.7%	8.7%	28.4%	8.6%	20.1%
1999 (Jan. - Dec.)	6.0%	(.8%)	21.0%	35.5%	26.7%
2000 (Jan. - Dec.)	6.4%	11.7%	(9.1%)	(15.8%)	(14.2%)
2001 (Jan. - Dec.)	5.4%	8.6%	(11.9%)	(9.0%)	(21.9%)
2002 (Jan. - Dec.)	5.0%	10.3%	(22.0%)	(18.1%)	(16.0%)
2003					
January	.3%	.1%	(2.7%)	(2.4%)	(4.2%)
February	.3	1.4	(1.5)	(2.6)	(2.3)
March	.3	(.0)	1.0	1.6	(1.9)
April	.3	.8	8.3	8.3	9.8
May	.3	1.9	5.3	9.4	6.1
June	.2	(.3)	1.2	2.2	2.3
July	.3	(3.4)	1.8	4.6	2.3
August	.4	.7	1.9	4.1	2.4
September	.4	2.7	(1.1)	(1.3)	3.1
October	.3	(1.0)	5.7	7.7	6.1
November	.3	.3	.9	3.5	2.2
December	.5	1.0	5.2	2.0	7.7
Last 12 Months	4.1%	4.1%	28.5%	42.9%	37.9%

Percentages in () are negative.

*The G Fund (Government Securities Investment Fund) is invested in special issues of U.S. Treasury securities. The F Fund (Fixed Income Index Investment Fund) is invested in the Barclays U.S. Debt Index Fund, which tracks the Lehman Brothers U.S. Aggregate bond index. The C Fund (Common Stock Index Investment Fund) is invested in the Barclays Equity Index Fund, which tracks the S&P 500 stock index.

**The S Fund (Small Capitalization Stock Index Investment Fund) is invested in the Barclays Extended Market Index Fund, which tracks the Wilshire 4500 stock index. The I Fund (International Stock Index Investment Fund) is invested in the Barclays EAFE Index Fund, which tracks the EAFE (Europe, Australasia, Far East) stock index. The S and I Funds were implemented in May 2001. The returns shown reflect the actual performance of the S and I Funds for May 2001 and subsequent months. For the period before May 2001, the S and I Fund returns reflect the performance of the Wilshire 4500 and EAFE indexes (without deduction of any administrative expenses, trading costs, or investment management fees), respectively.

The monthly returns represent net earnings for the month after deduction of accrued administrative expenses, and, in the cases of the F, C, S, and I Funds, after deduction of trading costs and accrued investment management fees.

Future performance of the funds will vary and may be significantly different from the returns shown above. See the *Summary of the Thrift Savings Plan for Federal Employees* for detailed information.

G Fund

- ◆ Invested in nonmarketable U.S. Treasury Securities with 1 to 4 day maturities
- ◆ Rate is set once a month by the Treasury Department
- ◆ Rate based on closing market prices of all Treasury securities with 4 or more years to maturity
- ◆ No risk of loss (negative returns) in G Fund
- ◆ Managed in-house by the Board



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
1250 H Street, NW Washington, DC 20005
THRIFT SAVINGS PLAN FACT SHEET

Monthly G Fund Interest Rates

January 5, 2004

Following are the nominal annual monthly G Fund interest rates from January 1995 through January 2004:

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
JANUARY	8.000	5.875	6.625	6.000	5.000	6.625	5.375	5.250	4.000	4.250
FEBRUARY	7.750	5.875	6.625	5.750	5.000	6.750	5.375	5.250	4.125	
MARCH	7.375	6.375	6.750	5.875	5.625	6.500	5.250	5.125	3.875	
APRIL	7.375	6.625	7.125	6.000	5.625	6.250	5.250	5.625	4.000	
MAY	7.250	6.875	6.875	6.000	5.625	6.375	5.500	5.250	4.000	
JUNE	6.500	7.000	6.875	5.875	6.000	6.500	5.625	5.250	3.500	
JULY	6.500	6.875	6.750	5.750	6.125	6.250	5.625	5.000	3.625	
AUGUST	6.625	6.875	6.250	5.750	6.250	6.125	5.250	4.750	4.500	
SEPTEMBER	6.500	7.125	6.625	5.375	6.250	6.000	5.125	4.375	4.500	
OCTOBER	6.375	6.875	6.375	4.875	6.250	6.000	4.875	3.875	4.000	
NOVEMBER	6.250	6.500	6.125	5.125	6.250	5.875	4.500	4.125	4.375	
DECEMBER	6.000	6.250	6.125	5.125	6.375	5.625	5.000	4.500	4.375	
COMPOUND										
ANNUAL RATE	7.10	6.80	6.80	5.77	6.03	6.42	5.36	4.98	4.15	4.33

Nominal annual rates for each month represent the statutory interest rate applicable to G Fund investments made that month. They are not adjusted for administrative expenses, compounding, or the allocation of earnings to the accounts of Thrift Savings Plan participants.

Compound annual rates represent the annual returns that would be achieved assuming that:

- The geometric average of one-twelfth of the nominal annual rates (to date) prevails for every month of the calendar year, and
- Such geometric average is compounded monthly for the entire year.

F Fund

- ◆ Tracks the Lehman Brothers U.S. Aggregate (LBA) bond index
- ◆ LBA index represents sectors of the U.S. bond markets
 - U.S. Government: U.S. Treasury and Agencies
 - Corporate
 - Mortgage-backed securities
 - Foreign Government

F Fund

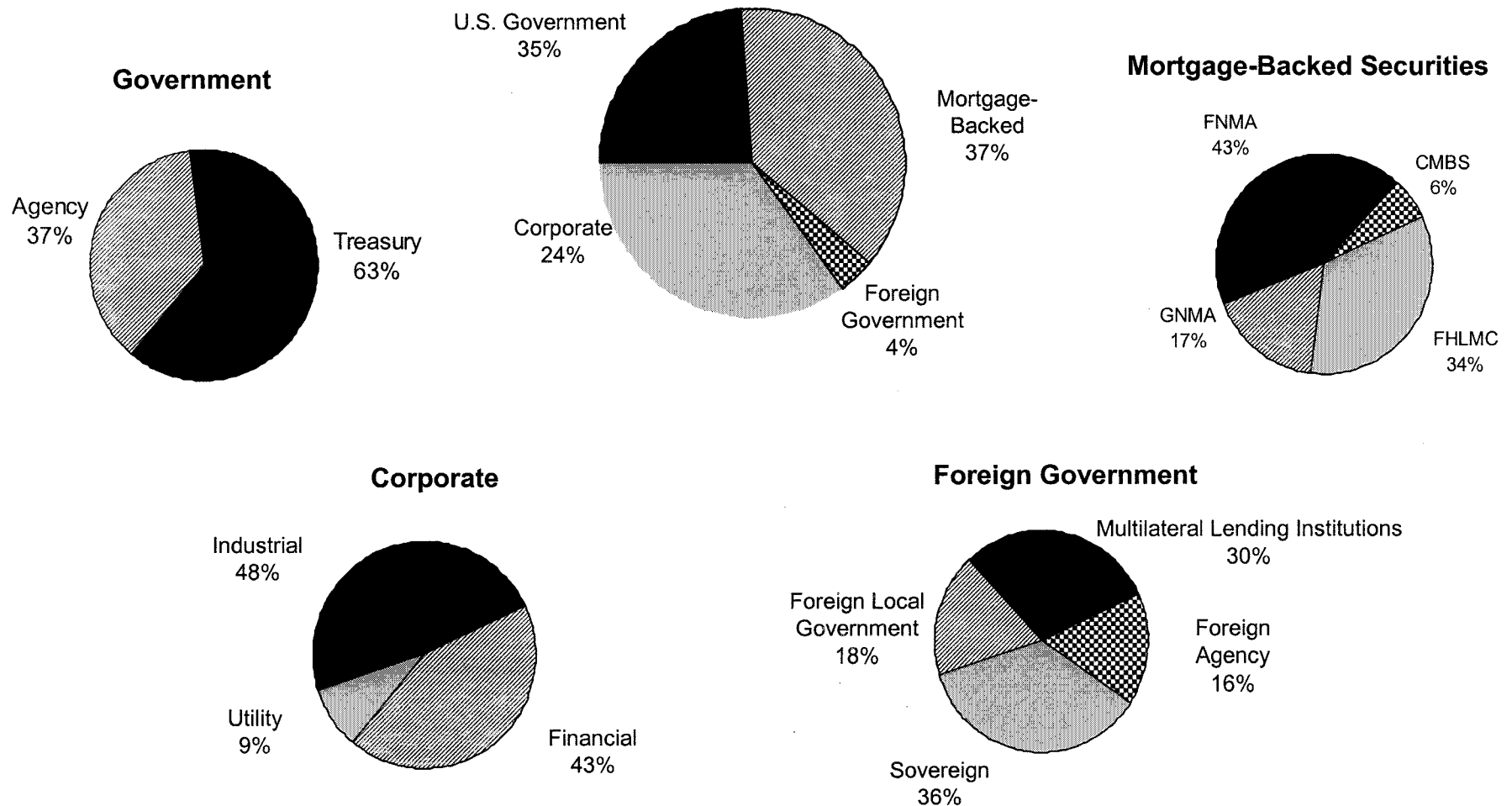
- ♦ Managed by Barclays Global Investors in the Barclays U.S. debt index fund
- ♦ LBA index values can be found in section C of the *Wall Street Journal*
 - LBA index values are preliminary
(as of time the WSJ is sent for printing)
- ♦ LBA information and values can be found on the Lehman Brothers web site at <http://live.lehman.com/>

LBA Bond Index

Bond Market Sectors

December 31, 2002

Total Index



C FUND

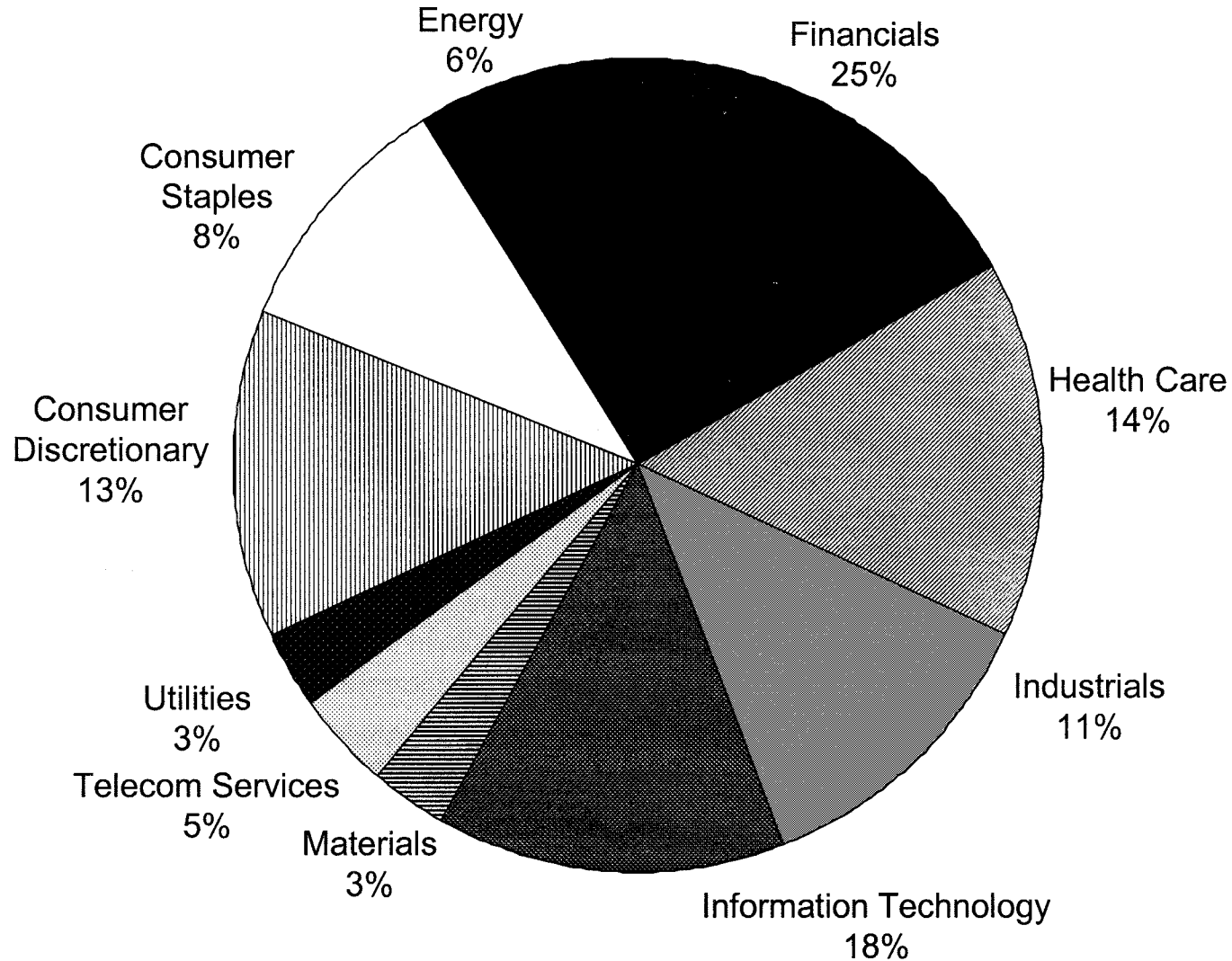
- ◆ Replicates the Standard & Poor's (S&P) 500 stock index
- ◆ S&P 500 index contains common stocks of 500 companies that represent the U.S. stock markets
- ◆ The total dollar value of the stocks in the S&P 500 makes up approximately 78% of the value of the U.S. stock markets

C FUND

- ◆ Managed by Barclays Global Investors in the Barclays equity index fund
- ◆ S&P 500 index information and values can be found at <http://www2.standardandpoors.com/>

S&P 500 Index

Percentage of Market Capitalization by Major Industry Groups
December 31, 2002



S FUND

- ◆ Tracks the Wilshire 4500 stock index
- ◆ Wilshire 4500 index contains all common stocks (except those in the S&P 500 index) actively traded in the U.S. stock markets on a daily basis
- ◆ The total dollar value of the stocks of the companies in the Wilshire 4500 makes up approximately 22% of the value of the U.S. stock markets

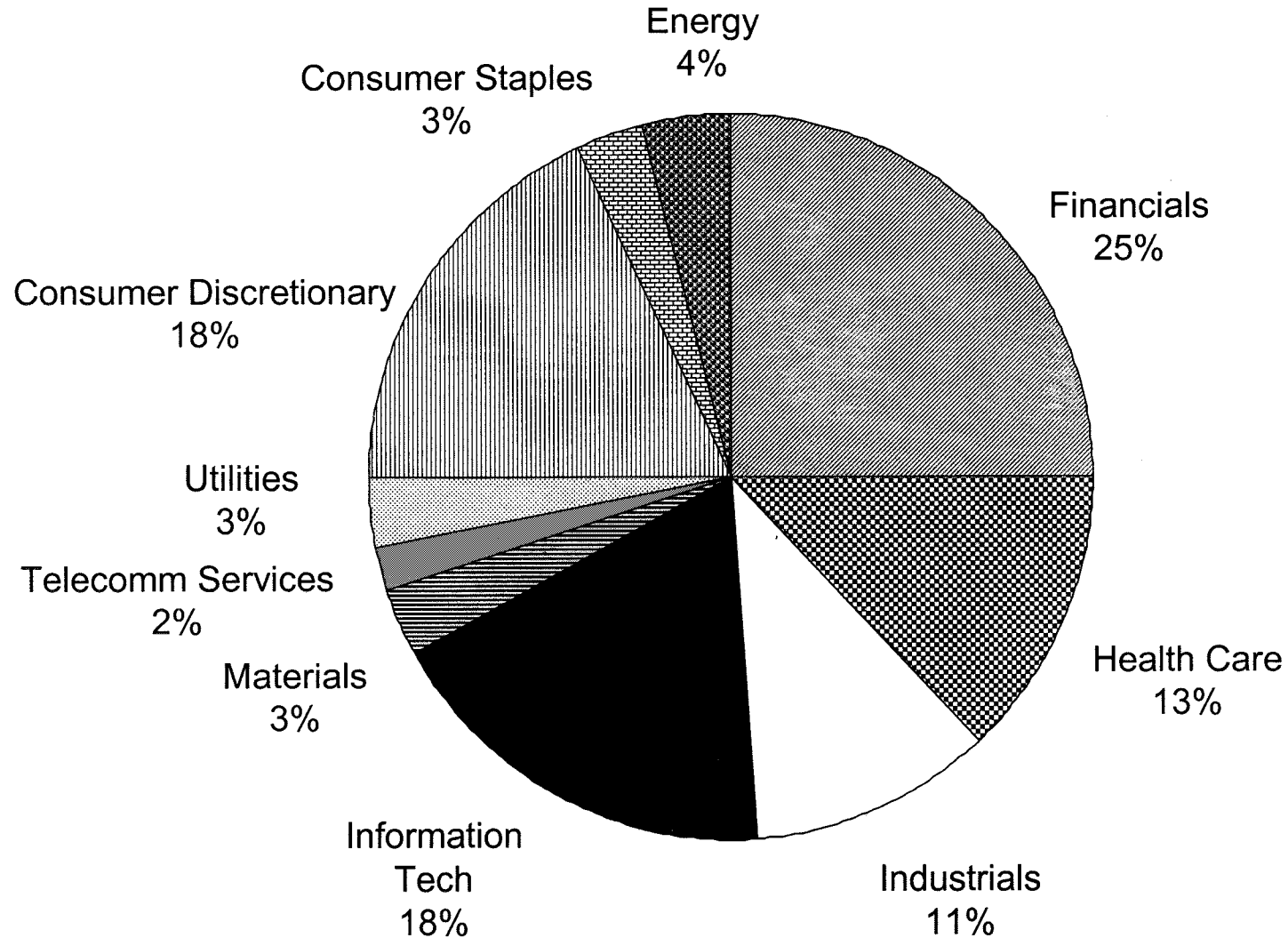
S FUND

- ◆ Managed by Barclays Global Investors and invested in the Barclays extended market index fund
- ◆ Wilshire 4500 index information and values can be found at <http://www.wilshire.com/>

Wilshire 4500 Index

Major Industry Groups

December 31, 2002



I FUND

- ◆ Replicates the Morgan Stanley's Europe, Australasia, and Far East (EAFE) stock index
- ◆ EAFE contains stocks that cover approximately 60% of the stock markets of the 21 countries included in the index
- ◆ EAFE contains approximately 1,023 stocks that best represent each of the 21 stock markets

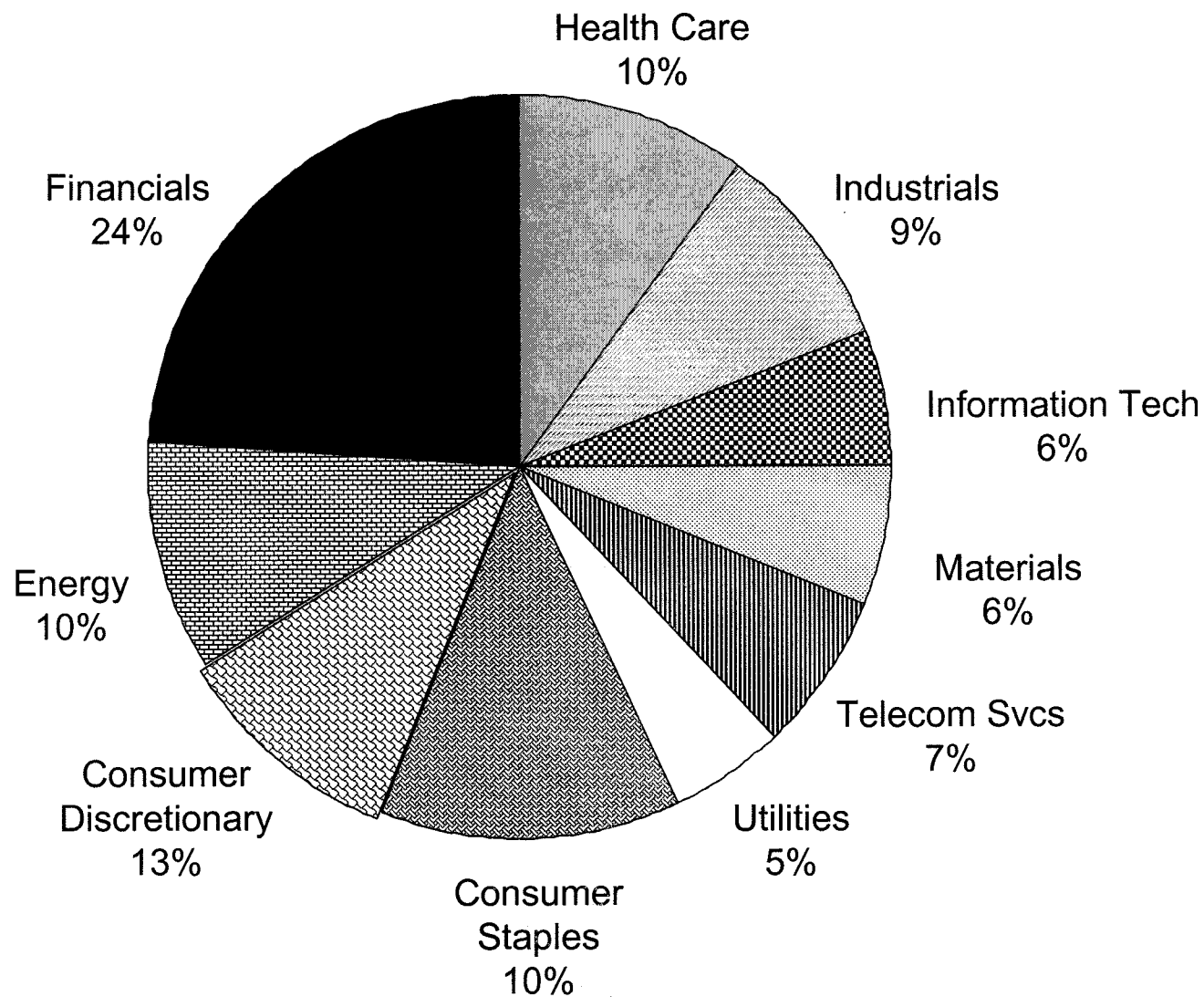
I FUND

- ◆ Managed by Barclays Global Investors and invested in the Barclays EAFE index fund
- ◆ EAFE information and values can be found at http://www.ms_cidata.com/

EAFE Index

Economic Sectors

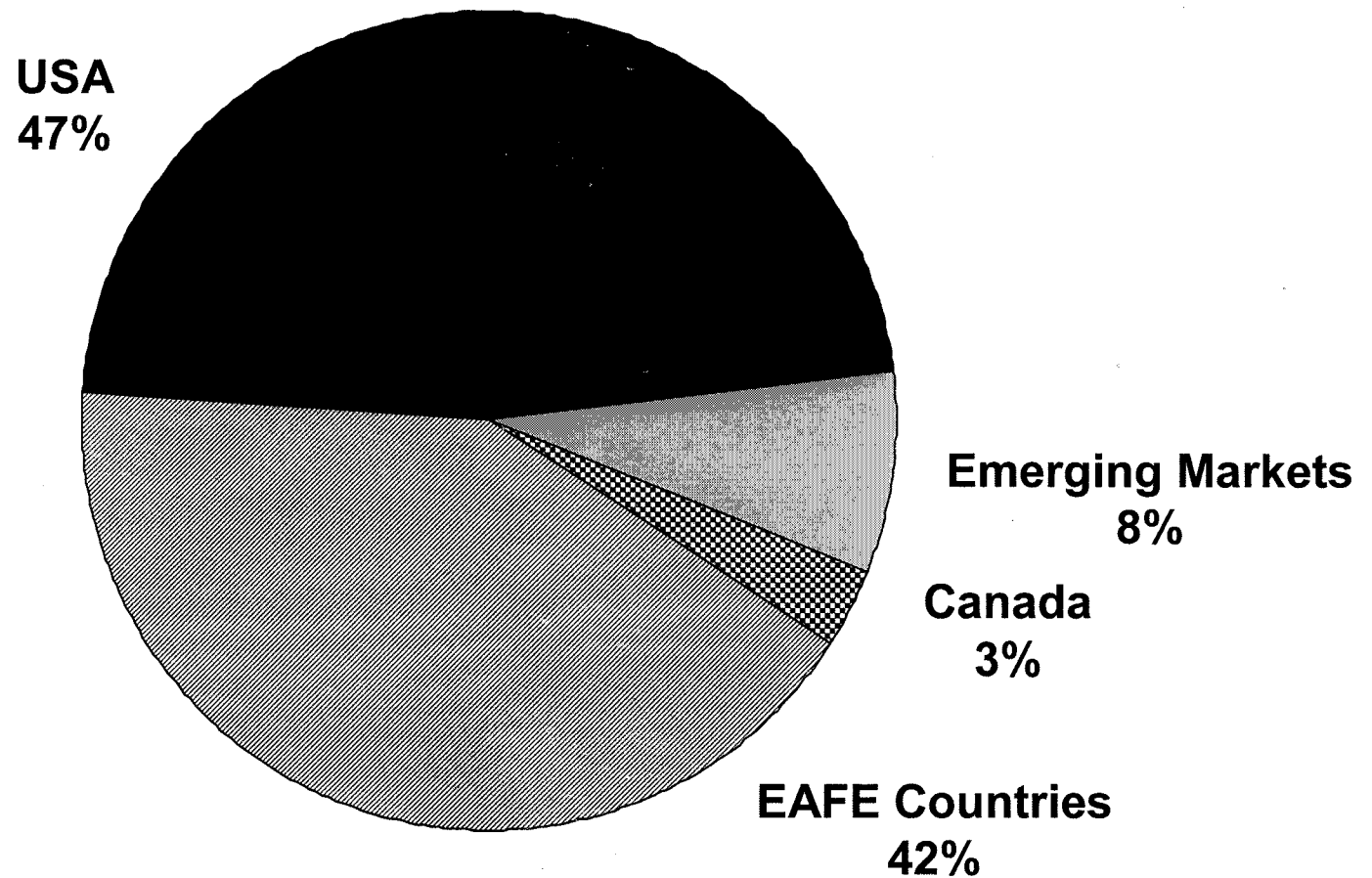
December 31, 2002



World Stock Markets

Allocation of Stock Market Value

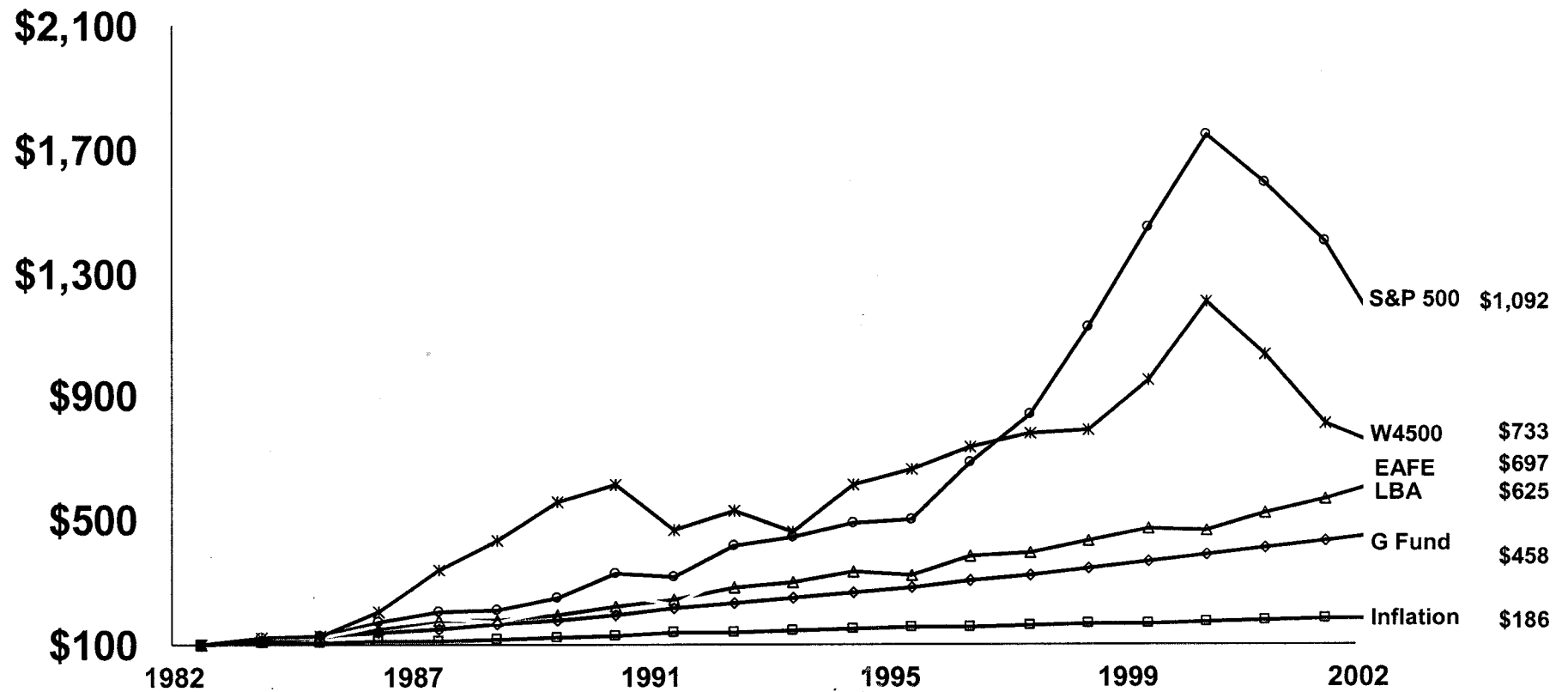
December 31, 2002



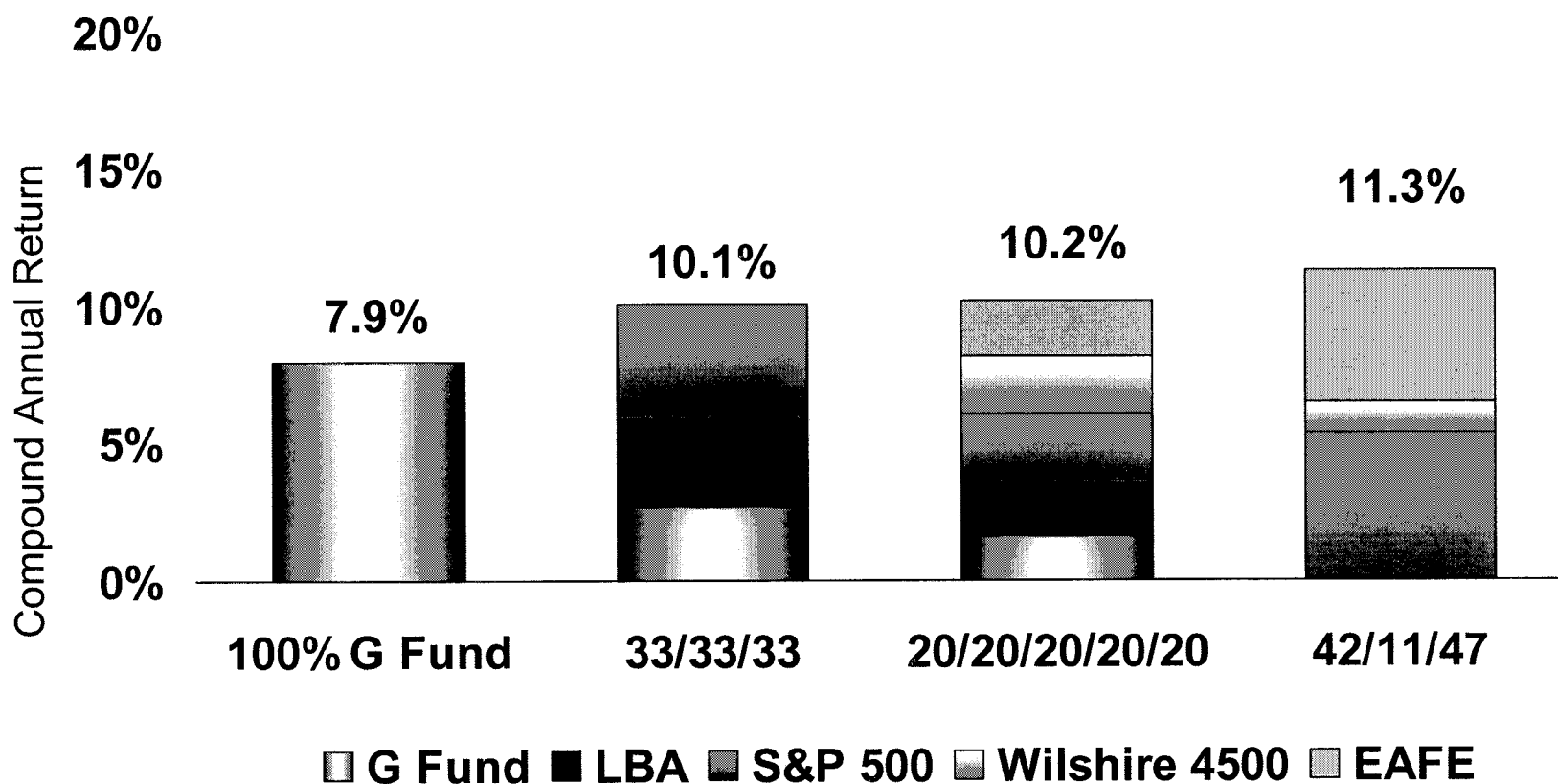
G Fund, LBA, S&P 500, Wilshire 4500, EAFE, and Inflation

Growth of \$100

1983 - 2002



Performance of G Fund, LBA, S&P 500, Wilshire 4500, and EAFE
Portfolio Mixes Over 20 Years from
1983 - 2002



Daily Valuation

- ◆ The new TSP system is daily valued and share based
- ◆ Share prices for each fund are updated each business day
- ◆ Accounts will be valued each business day using the daily share prices for the applicable investment fund(s)
 - Determination of daily share price still based on same principals of determining current system returns for TSP funds
- ◆ Transactions (e.g. contributions, loans, withdrawals, and interfund transfers) will be processed daily and will involve the purchase and/or sale of shares of the funds

Daily Valuation

- ◆ Cutoff times for contribution allocation and interfund transfer requests will be 11:00 am central time
- ◆ Contribution allocation and interfund transfer requests made by the cutoff will ordinarily be effective as of close of business that day
- ◆ Requests made after the cutoff time are ordinarily effective at the end of the following business day
- ◆ For interfund transfers, the number of shares in each fund must be valued before the transaction takes effect

Conversion from Dollars to Shares

- ◆ G, F, C, S, and I Fund balances were converted on May 31, 2003, to shares at a price of \$10.00 per share
- ◆ To convert dollars to shares, the TSP divided the dollar balance (as of May 31) of the applicable investment fund by the \$10.00 share price for the fund
- ◆ Number of shares are purchased, maintained, and reported to the participant to 4 decimal places
- ◆ Share prices are reported to the participant to 2 decimal places

Example of Converting Dollars to Shares:

G Fund

G Fund Dollars/G Fund Share Price =
of G Fund Shares

<u>\$ Balance</u>	<u>Share Price</u>
\$1,000	\$10.00

$\$1,000 / \$10 = 100.0000$ G Fund
Shares

F Fund

F Fund Dollars/F Fund Share Price =
of F Fund Shares

<u>\$ Balance</u>	<u>Share Price</u>
\$500	\$10.00

$\$500 / \$10 = 50.0000$ F Fund
Shares

C Fund

C Fund Dollars/C Fund Share Price =
of C Fund Shares

<u>\$ Balance</u>	<u>Share Price</u>
\$240,034.12	\$10.00

$\$240,034.12 / \$10 = 24,003.4120$ C Fund
Shares

S Fund

S Fund Dollars/S Fund Share Price =
of S Fund Shares

<u>\$ Balance</u>	<u>Share Price</u>
\$2,532,089.73	\$10.00

$\$2,532,089.73 / \$10 = 253,208.9730$ S Fund
Shares

I Fund

I Fund Dollars/I Fund Share Price =
of I Fund Shares

<u>\$ Balance</u>	<u>Share Price</u>
\$74,000	\$10.00

$\$74,000 / \$10 = 7400.0000$ I Fund
Shares

Buying and Selling TSP Shares

- ◆ Contributions, loan payments, and transfers/ rollovers into the TSP purchase shares in each fund
- ◆ Withdrawals and loans sell shares from the participant's account
- ◆ Interfund transfers sell shares of the fund(s) from which the money is removed and purchase shares of the fund(s) into which the money is moving

Buying and Selling TSP Shares

- ◆ When a participant deposits contributions, loan payments, or a transfer/rollover, the TSP will invest the amount according to the current contribution allocation on file
- ◆ The TSP will determine the dollar amount, by source of contribution, to invest in each fund, then purchase shares of the fund based on the share price determined as of the close of each business day
- ◆ Information reflecting the completed transaction will be available to the participant to view on the TSP web site the next business day

Determining Share Price

- ◆ After stock and bond markets close each business day, the daily net earnings for each investment fund (net of administrative expenses, transaction costs, and investment management fees) are divided by the total number of shares in that fund as of the close of the prior business day to determine the incremental change in the share price for that day
- ◆ The incremental amount, carried to ten decimal places, is added to the prior day's share price

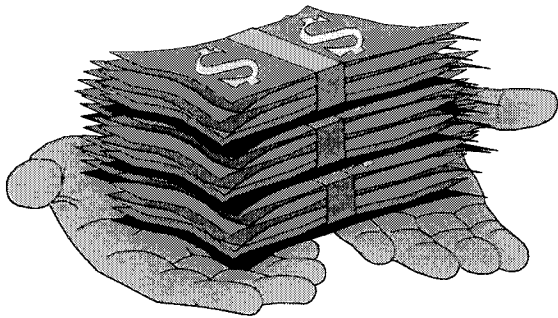
Determining Share Price

- ◆ The earnings attributable to the last eight decimal places are carried over to the next business day's share price calculation (i.e., they are included in the next day's net earnings)
- ◆ The new share price is then truncated to two decimal places and becomes the share price for the current business day, which is used for posting that day's transactions

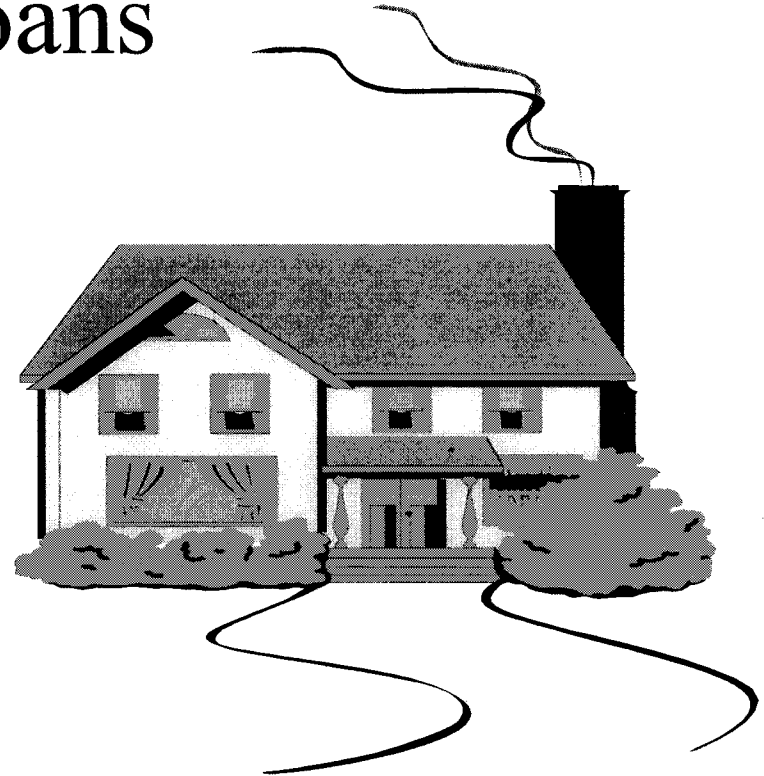
TSP Participant Statements

- ◆ Participants will be able to print a copy of their statements from the Account Access section of the TSP web site at the end of each quarter (January, April, July, and October)
- ◆ The statement will reflect transactions, number of shares the participant has in each fund, and dollar value of the shares in each fund
- ◆ Participants who prefer to have statements mailed may request this from the Account Access section of the TSP web site or by calling the Thriftline

Types of Loans



and



General Purpose
No documentation required

Residential
For purchase or construction
of a primary residence

Terms

- ◆ Minimum Term: 1 year
- ◆ Maximum Term
 - General purpose = 5 years (new!)
 - Residential loan = 15 years
- ◆ General purpose and residential loans must be repaid by the (5th or 15th) anniversary from disbursement

Cost of a Loan



- ◆ \$50.00 fee
 - Starting mid-2004
 - Fee deducted from amount of loan disbursed to participant
- ◆ Interest Rate
 - Based on G fund rate at time application is processed
 - Fixed for life of the loan
 - Not tax deductible
- ◆ Both the principal and interest are repaid to your account

Applying for a Loan

- ◆ May have a maximum of two loans outstanding at one time
 - Starting mid-2004, participants may have one residential and one general purpose loan outstanding
 - Participants will be prohibited from having two general purpose loans outstanding

- ◆ When a loan is paid in full, including through prepayment, there will be a 60-day waiting period before another loan application is accepted by the TSP
 - Change begins in mid-2004

Applying for a Loan

- ◆ Application can still be submitted using Form TSP-20
 - Note: If forms are submitted the processing time will not change in the new system, just the disbursing time once the loan process is completed
- ◆ Application can also be initiated by using the Account Access section of the TSP Web site
 - TSP PIN is required to use fillable loan application
 - A fillable version of the Form TSP-20 will be displayed for the participant to complete and submit online
 - Once the application is submitted the loan agreement will generate and can be displayed to be completed, printed and returned to the TSP record keeper for processing. Some participants will be able to submit the loan agreement on the web and complete the loan process

Applying for a Loan

- ◆ Unmarried participants requesting a general purpose loan can complete and submit forms on the web site. The general purpose loan is processed once the loan agreement is confirmed by the TSP system
- ◆ Married FERS participants must print their loan agreement form from the web site, obtain spouse's consent, and return the agreement to the TSP record keeper for processing and completion
- ◆ Residential loans also require printing the loan agreement and Form TSP-21-Doc, which is completed and returned with residential documentation to the TSP record keeper
- ◆ Spousal notification will be sent to the spouse of married CSRS participants applying for a TSP loan within two days of the submission of the loan application. The loan will not disburse earlier than 2 business days from submission of the loan application

Disbursement of a TSP Loan

- ◆ Payment made by check
 - Based on the address of record on file
 - Address printed on the loan agreement may differ from address the participant provided on the loan application
- ◆ Payment via EFT
 - Can request EFT by providing routing information on loan agreement

Repaying the Loan

- ♦ Payroll deduction based on the schedule of loan payments
- ♦ Participants may send a check to make loan payments in addition to payroll deduction
 - Personal checks, money orders or a cashier's check are accepted
 - All forms of payment submitted by the participant are subject to a five-seven day hold before the TSP posts the payment in the account
- ♦ Daily interest is calculated as each payment is posted and is based on the number of days since the last loan payment was made multiplied by the outstanding loan balance
- ♦ Multiple voluntary reamortizations
 - Participant may reamortize on TSP Web site
 - Participant may contact TSP record keeper and request via telephone
 - The new loan payment amount is provided to the payroll office on its loan report and the participant is mailed a reamortization notice

TSP Taxable Distributions

◆ Default

- All scheduled loan payments must be made by the participant
- The loan must be repaid no later than the 5/15 anniversary date from disbursement
- If a payment is missed or a partial payment received, the participant must make up the payment (via check)
- At the end of each quarter, if a participant is missing loan payment amounts, the TSP must send a default notice requiring the participant make up the default amount by the end of the following quarter
- If the entire default amount is not posted to the account by the end of the applicable quarter, a taxable distribution is declared on the outstanding loan balance
 - Participants will be prohibited from obtaining another TSP loan for 12 months
- The only exception to making up missing payments is if the participant is in a nonpay status; the IRS requires the TSP suspend loan payments during this period
 - Participants in nonpay status must request their agency/supervisor complete Form TSP-41 and send it to the TSP record keeper
 - Periods of nonpay are included in the maximum number of years a loan can be repaid, unless the nonpay is associated with performing military service

TSP Taxable Distributions

- ◆ Leaving federal service

- Separated participant will still receive a notice with 90 days to pay the outstanding loan balance
- A full or partial payment may be submitted by check during the 90 day period
- If a partial payment is made the taxable distribution will be declared on the remaining outstanding loan balance
- Taxable distributions are effective after 90 days from receipt of separation information or generation of the notice
- Participants who will not repay the loan balance can request an acceleration of the taxable distribution date by signing the intent block on the notice

- ◆ Death in service

- Effective as of date of death or last loan payment

In-Service Withdrawals

- ◆ Age-based withdrawals
(age 59½ or older)
- ◆ Financial hardship withdrawals



In-Service Withdrawals

- ◆ Age-based
 - Form TSP-75 will include application and transfer information
 - Application can be submitted on the TSP Web site
 - Can request payment made via EFT
 - If participant receives a Age-based withdrawal they cannot request a Partial Withdrawal after they are separated
 - Notarized spousal consent required for married FERS participants
 - Spousal two day notification is required for CSRS participants

In-Service Withdrawals

◆ Financial Hardship

- Simplified Form TSP-76 one-page process!
- Application can be submitted on the TSP Web site unless notarized spouse signature is required
- No documentation required
- Request must be for at least \$1,000
 - TSP will disburse requested amount or amount of employee contributions and earnings (whichever is less), but not less than \$1,000
- Can request payment made via EFT
- TSP must withhold 10% for Federal taxes unless participant requests more or less using Form W-4P

In-Service Withdrawals

◆ Financial hardship rules/ requirements

- Participant certifies that he/she meets the conditions required to request a hardship withdrawal
 - Negative monthly cash flow, medical expenses, personal casualty loss, legal expenses for attorney fees and court costs associated with separation or divorce
- Participants in Chapter 13 bankruptcy can request a hardship withdrawal for medical, personal casualty loss, or legal divorce expenses; cannot request a withdrawal due to negative cash flow
- Agency must terminate participant contributions for six months
 - Agency matching contributions for FERS participant will also stop
 - FERS participants will continue to receive agency automatic (1%) contributions
- Must wait six months after receiving a hardship withdrawal before requesting another
- Early withdrawal penalty of 10% applies if participant is not age 59½ in the year the financial hardship in-service withdrawal is disbursed

Post-Service Withdrawal Options

- ◆ Automatic cashout
- ◆ Leaving money in the TSP
- ◆ Partial Withdrawal of at least \$1,000
- ◆ Full Withdrawal
 - Single payment
 - Monthly payments
 - Life annuity
- ◆ Mixed Withdrawal



Automatic Cashout

- ◆ Separated participants with a vested account balance of less than \$200 will receive an automatic cashout
 - Account balances of \$4.99 or less will be forfeited to the TSP
 - Participant may request restoration and payment of the forfeited balance
- ◆ The account will be paid automatically after the participant is separated for more than 31 days
 - No notification prior to disbursement
- ◆ Participant may not elect to leave the balance in the TSP
- ◆ Amount not subject to the mandatory 20% Federal tax-withholding

Leaving Money in the TSP

- ◆ Option available to participants with balances of \$200 or more
- ◆ Participant may update address by using the TSP Account Access section of the TSP Web site, by telephoning the TSP record keeper, or by submitting Form TSP-9
- ◆ Contributions may not continue, but participant may transfer in amounts from traditional IRAs or eligible employer retirement plans
- ◆ Participant may continue to make interfund transfer and contribution allocation requests
- ◆ Mandatory full withdrawal request must be processed no later than April 1st after year age 70½ and separated

Partial Withdrawal

- ◆ One-time request for the “life” of the account
 - Participant must not have received an age-based withdrawal
 - Participant must not have received a partial withdrawal from a prior period of employment
- ◆ Minimum amount that can be withdrawn is \$1,000
 - If the account balance is less than \$1,000, the participant must submit a request for a full withdrawal
- ◆ Single payment only
 - Payment subject to mandatory 20% tax withholding
- ◆ Participant may request a transfer of all or a portion of the partial payment to an IRA or other eligible plan

Partial Withdrawal

- ◆ Participant may request payment by EFT
 - Mandatory tax withholding rules apply
- ◆ Application and processing of Form TSP-77 can be made in the Account Access section of the TSP Web site
- ◆ Two-day spousal notification rule applies for married CSRS participants before partial withdrawal is completed
- ◆ Married FERS participants must obtain notarized spouse's signature and return Form TSP-77 to the TSP record keeper for processing

Full Withdrawal

- ◆ Participant may select one or all withdrawal options to apply to his/her entire account
- ◆ Participant may complete Form TSP-70 on the TSP Web site
 - Some participants may submit the completed form on the web site
 - Most participants will need to print and return the completed form to the TSP record keeper for processing
- ◆ Participant indicates on the Form TSP-70 what percentage of the balance will apply to the option(s) selected

Full Withdrawal

- ◆ All annuity options and features previously completed on Forms TSP-11A, B, and C are included as part of the withdrawal application
- ◆ If a participant elects a TSP annuity, the percentage of the balance applied to the option must equal at least \$3,500
- ◆ Two-day spousal notification rule applies for married CSRS participants before full withdrawal request is completed
- ◆ Married FERS participants must obtain notarized spouse's signature (waiving right to a TSP annuity) and return Form TSP-70 to the TSP record keeper for processing

Single Payment Option

- ◆ Participant may request single payment of entire account balance
- ◆ When using the mixed withdrawal option participant may request any percentage of the account balance to be made in a single payment
- ◆ Single payment is subject to 20% tax withholding
- ◆ Participant may request a transfer of all or any percentage of the single payment to an IRA or other eligible plan
 - Amount transferred is not subject to mandatory 20% tax withholding
- ◆ Participant may request payment by EFT
 - Mandatory tax withholding rules apply

Monthly Payments

- ◆ Specify a dollar amount
- ◆ Request TSP compute monthly payment (based on IRS uniform table)
- ◆ The TSP Web site has a monthly payment calculator to estimate monthly payment amounts

Monthly Payments

- ◆ Participant may complete Form TSP-73 to request a change in monthly payments from:
 - Compute my payment to dollar amount
 - Current dollar amount to new dollar amount
 - TSP will have an election period each year to request a change
 - Change in monthly payments are effective in January of the following year
 - TSP-73 may be used to change % transferred, or financial institution information at any time
- ◆ Tax withholding rules will be determined when the monthly payment option is processed or when a change in monthly payments occurs

Summary of Thrift Savings Plan Annuity Options

Single Life

There are 6 Single Life Options

1. Level Payments

- a) with no additional features
- b) with cash refund feature
- c) with 10-year certain feature

2. Increasing Payments

- a) with no additional features
- b) with cash refund feature
- c) with 10-year certain feature

Joint Life with Spouse

There are 8 Joint Life with Spouse Options

3. Level Payments

- a) 100% survivor annuity
- b) 50% survivor annuity
- c) 100% survivor annuity with cash refund feature
- d) 50% survivor annuity with cash refund feature

4. Increasing Payments

- a) 100% survivor annuity
- b) 50% survivor annuity
- c) 100% survivor annuity with cash refund feature
- d) 50% survivor annuity with cash refund feature

Joint Life with Other Survivor

(having an insurable interest)

There are 4 Joint Life with Other Survivor Options

5. Level Payments

- a) 100% survivor annuity*
- b) 50% survivor annuity
- c) 100% survivor annuity with cash refund feature*
- d) 50% survivor annuity with cash refund feature

*Not available if joint annuitant is more than ten years younger than participant.



IRS Early Withdrawal Penalty

If you separate/retire before the year in which you reach age 55 and you withdraw your TSP account in a single payment or series of monthly payments, you will be subject to the 10% early withdrawal penalty on all amounts received before you become age 59½.

NOTE: If you separate on a OPM-approved disability retirement, or elect to receive monthly payments based on life expectancy or a TSP life annuity, this early withdrawal penalty does not apply. Death benefit payouts are also excluded.

Spouses' Rights

Classification	Requirement*	Exceptions**
FERS	Notarized spouse signature required. Spouse is entitled to a joint life annuity with 50% survivor benefits, level payments, and no cash refund feature, unless he/she waives this right	Whereabouts unknown or exceptional circumstances TSP-16 required
CSRS	Spouse is entitled to notification by the TSP of the participant's withdrawal election	Whereabouts unknown TSP-16 required

* If account balance is less than \$3,500 spouse's signature/notice is not required

** Waiver of spouse's signature/notification valid for 90 days from approval

TSP Death Benefits

◆ To Whom

- Based on Form TSP-3, Designation of Beneficiary
 - Maintained at TSP record keeper

If there is no TSP-3 on file at the TSP record keeper, then:

- Statutory Order of Precedence
 - Spouse, natural and adopted children, parents, estate, next of kin

◆ How

- Form TSP-17, Information Regarding Deceased Participant
- Paid as a single payment
 - Spouse subject to mandatory 20% Federal tax withholding
 - Other beneficiaries subject to 10% Federal tax withholding (beneficiary can request waiver of tax withholding)
- Spouse may transfer entitled amount to
 - IRA
 - Eligible employer plan
 - His/her TSP account
 - No taxes withheld if transferred